Ontario

ONTARIO BUDGET

Investing in People
Expanding Opportunity

Ontario's New Economic Strength

The Honourable Greg Sorbara
Minister of Finance

Budget Speech

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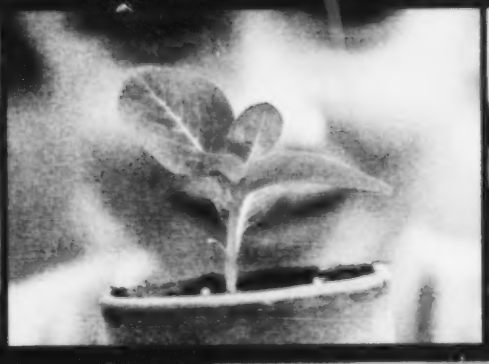

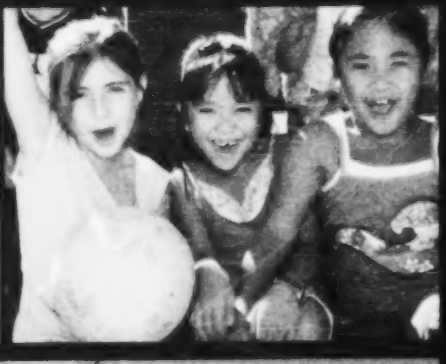

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2007-04549/

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Ministry of Finance Information Centre
Toll-free English & French inquiries: 1-800-337-7222
Teletypewriter (TTY): 1-800-263-7776

For electronic copies of this document, visit our website at www.ontariobudget.ca

Printed copies are available free from:
Publications Ontario
880 Bay Street
Toronto, Ontario
M7A 1N8

Telephone: (416) 326-5300
Toll-free: 1-800-668-9938
TTY Toll-free: 1-800-268-7095
Website: www.publications.gov.on.ca

© Queen's Printer for Ontario, 2007
ISBN 978-1-4249-3557-4 (Print)
ISBN 978-1-4249-3559-8 (PDF)
ISBN 978-1-4249-3558-1 (HTML)

Ce document est disponible en français sous le titre :
Budget de l'Ontario 2007 – Exposé budgétaire

INTRODUCTION

Mr. Speaker, I am pleased to present Ontario's 2007 Budget.

It is a budget that we can all celebrate.

It ushers in an era of new economic strength for Ontario.

An era as welcome as spring.

era of new economic strength

It is rooted in the values we share.

It is based on the hard work and commitment of nearly 13 million people and it is driven by our government's determination to build a stronger Ontario.

We began three and a half years ago with a challenging mandate:

strengthen health care and education

grow a more vibrant economy

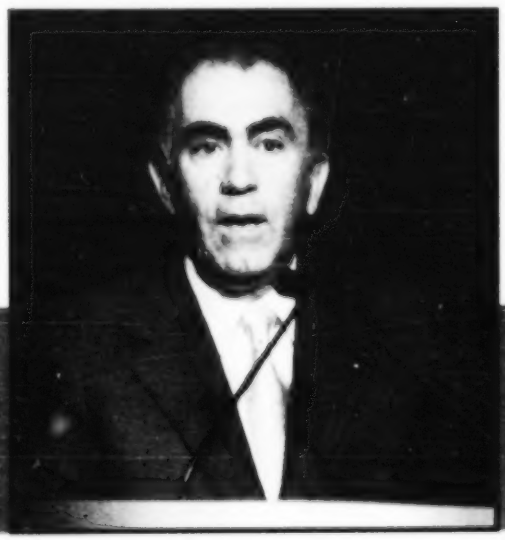
and bring our finances back to health.

We've made real progress.

Our schools are better places to learn.

Our colleges and universities are expanding.

Our health care system is both healthier and more responsive.



our economy is growing

We are building new infrastructure across this province.

And our economy is growing.

Today, we leave behind the deficits we inherited.

Today, we begin an era of balanced budgets and sustainable surpluses.

Surpluses that strengthen our economic fabric.

Ontario's new economic strength is an opportunity for us to become an even stronger province.

We begin the next leg of that journey with this budget.

We expand opportunity for Ontario's most vulnerable citizens.

We direct new resources to enhance public services.

We strengthen our economic capacity community by community across the province.

And we launch initiatives for a greener Ontario.

SUSTAINABLE SURPLUSES

Mr. Speaker, the clearest evidence of our new economic strength is the province's return to financial health.

In October 2003, we inherited a deficit of $5.5 billion.

balanced budget

Today we table a balanced budget.

We have made progress in each year.

For the year just ending, we now anticipate a surplus of $310 million.

For 2007–08, we project a surplus if, as we expect, the reserve is not required.

In 2008–09 and 2009–10, we are planning for surpluses, even after providing for healthy reserves.

Indeed, our government is on track to post five consecutive surpluses.

Our debt-to-GDP ratio will be at its lowest level in 13 years.

Economists understand what a positive indicator that is.

five consecutive surpluses

Everybody knows how important it is to be prudent managers of the public's money.

We promised to find $750 million in savings by 2007–08. We actually saved more than $800 million.

Ontario is now the second lowest among provinces in per-capita spending on administration.

And Ontario is now a national leader when it comes to coordinating more efficient expenditures by our partners in the broader public sector.

At the same time as we have been prudent with our finances, we have been persistent in fighting for fairness from the federal government.

It was the Premier who took on this issue and it was the Premier who negotiated the greatest improvements to fiscal fairness since the era of Lester Pearson and John Robarts.

In recent weeks we have reached agreement on federal funding for the environment and for public transit.

That agreement is evidence that when governments work together, we make real progress.

Economic Strength

327,000 net new jobs

Mr. Speaker, another sign of Ontario's new economic strength is the steady growth of our economy in the face of fierce competition.

With the exception of the fall of 2006 — when North America experienced a cooler economic climate — Ontario's economy has been growing at a healthy rate.

And so has job creation.

Since 2003, the Ontario economy has added 327,000 net new jobs.

Over the next three years, we expect to see another 270,000 new jobs.

Employment growth and higher wages have increased the personal incomes of Ontarians by more than 14 per cent over the past three years.

economic growth to strengthen

More and better jobs mean that people have more money in their pockets.

Over the same period, businesses have shown their faith in the economy by investing almost $147 billion in business expansion.

Private-sector forecasters expect Ontario's economic growth to strengthen from 2007 to 2009.

The Ministry of Finance forecasts growth of 1.6 per cent in 2007, 2.8 per cent in 2008 and 3.1 per cent in 2009.

Our responsibility is to ensure that this new economic strength improves the lives of our people.

We continue that mission with new resources for Ontario's children.

Premier McGuinty has said that helping children in poverty must be one of our top priorities through the remainder of our first mandate.

In his words, it is both a social and economic imperative.

Ontario Child Benefit for 1.3 million children

So today we are introducing the Ontario Child Benefit (OCB) for children in low-income families.

The Ontario Child Benefit would expand opportunity for 600,000 families — and nearly 1.3 million children.

It would provide support for children in every low-income family — whether their parents are working or not.

Over five years we plan to invest an additional $2.1 billion in our province's children.

It would mean that parents would be able to move off welfare without worrying about losing support for their kids.

The OCB would begin this July, with a down payment of up to $250 per child.

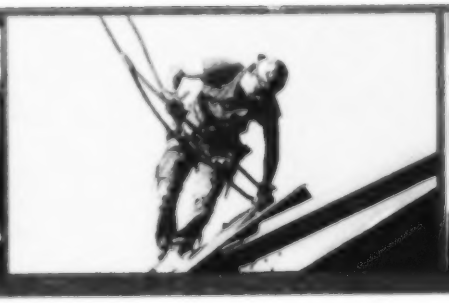
By 2011, low-income families would receive up to $1,100 per child every year.

Mr. Speaker, with these reforms we go well beyond ending the clawback of the National Child Benefit Supplement.

Indeed, we plan to invest four times as much money to help over twice as many kids.

The new OCB has a broad base of support across Ontario. Indeed, it has been endorsed publicly by three former premiers.

While many people have worked to make the OCB a reality, I would like to single



out and thank two MPPs for their passionate advocacy for children and low-income families — the member for London North Centre, Deborah Matthews, and the Minister of Education and member for Don Valley West, Kathleen Wynne.

Once again this year we will increase by two per cent the benefits we provide to those receiving Ontario Disability Support and Ontario Works payments.

new funding for Children's Treatment Centres

Mr. Speaker, in addition to our support for vulnerable families, we will also be providing new funding for Children's Treatment Centres and children's mental health.

We are also allocating an additional $25 million this year in new funding to support better child care. In 2008–09, that funding will double to $50 million.

And today we are announcing our intention to establish a College of Early Childhood Educators. It would help ensure high standards of quality throughout the child care system.

When we created the Ministry of Children and Youth Services, we did so to improve the health and well-being of children.

The steps in this budget go a long way towards meeting that purpose.

At the same time, Mr. Speaker, there are other challenges to be addressed.

Minimum Wage

$10.25 per hour in 2010

The minimum wage in Ontario had been frozen for nine years when we were elected in October 2003.

We raised it to $8.00 an hour in four annual steps.

Today, I am announcing our plan to raise the minimum wage by 75 cents a year for three years until it reaches $10.25 on March 31, 2010.

We take these steps in the firm belief that Ontario's new economic strength must provide fairly for working people.

Housing

Nothing is more important to working families than access to affordable housing.

In the words of one housing advocate, "It all begins with an address."

affordable homes

In this budget we are providing an additional $392 million to better house Ontario families.

- Over 27,000 low-income working families will receive $100 a month in housing supplements. That will bring the total number of families we help to 35,000.
- We will provide $127 million to Ontario municipalities to build new affordable homes and rehabilitate existing ones.
- And this budget also includes funds to build over 1,000 off-reserve homes for aboriginal families.

Injured Workers

Mr. Speaker, workers injured on the job deserve our support.

Many of them have benefits that have not kept pace.

improving benefits

We propose to improve Workplace Safety and Insurance Board (WSIB) benefits for about 155,000 injured workers.

The increases would be 2.5 per cent each year for the next three years.

Legal Aid

Mr. Speaker, access to justice is the hallmark of a strong liberal democracy.

During my 19 pre-budget consultations, I heard repeatedly about the constrained state of our legal aid system.

We are providing an additional $51 million over three years to expand access to legal aid.

We are also adding 30 new justices of the peace to ensure that the work of our courts is more timely.

expanding access to legal aid

We will be supporting the new Human Rights Legal Support Centre with an additional $8 million over three years.

And we are providing $49 million over three years for victims of crime through the Criminal Injuries Compensation Board even as we review how to improve victims' services.

Seniors

Mr. Speaker, we heard a clear message from seniors over the past many months: "Help us to stay in our homes and give us greater access to our money."

This budget responds in several ways.

For the fourth year in a row, we plan to enhance Ontario Property and Sales Tax Credits for low-income seniors.

And I believe seniors will welcome our reforms to Ontario's property assessment system.

new life income fund

We are also proposing a new life income fund that would increase pensioners' access to their money.

And we plan to allow senior couples to reduce their income tax through the new pension income-splitting rules proposed by the federal government. This would result in an Ontario tax savings of $170 million in this year alone.

Developmental Services

A good indicator of how well we care for one another in a civil society is the support we provide for developmental services.

Pre-budget consultations confirmed for me that this sector needs additional support.

With this budget, we propose to invest an additional $200 million over four years to strengthen developmental services.

We will also provide $7 million in urgently needed new capital funding.

BETTER HEALTH CARE AND EDUCATION

Our plan three and a half years ago was to provide better schools and better health care.

That work continues today.

We are increasing health spending to $37.9 billion — a 29 per cent increase since 2003–04.

With additional funds we can include pediatric surgeries in our wait time strategy. Our children will get the surgeries they need more quickly.

More funding means Ontario is getting 8,000 more nurses.

It means new hospitals will be opening in Brampton, Penetanguishene, Smiths Falls and North Bay.

more doctors,
more nurses,
more hospitals

It means more family doctors.

It means 400,000 children and youth will receive free immunizations.

By any measure, Ontario health care is growing stronger. Our job is to make sure that trend continues.

Mr. Speaker, the Quest for Gold lottery provides Ontario's amateur athletes with direct financial support.

Today I am announcing that this funding will continue this year with a dedicated $10 million fund.

Now our athletes and their families can concentrate more on athletic success and less on worrying about paying the bills.

Earlier this month, Team Ontario recaptured the Canada Winter Games flag for the first time in eight years.

Mr. Speaker, we are also increasing support for education in the coming year.

This budget allocates an additional $781 million in Grants for Student Needs. That is up 17 per cent since 2003–04.

The average per-student funding in 2008–09 will be about $9,700.

That is an increase of 22 per cent from when we took office.

It means almost all of our children in the primary grades are in smaller classes.

It means better test scores and higher graduation rates.

better test scores.
smaller classes

Mr. Speaker, two years ago, the centrepiece of our budget was Reaching Higher, a dramatic plan to improve postsecondary education.

It has been a huge success.

In the coming year, operating grants to colleges and universities will rise to $4 billion. That is an increase of almost 40 per cent since 2003–04.

We will be providing an additional $390 million for postsecondary institutions to help with more classroom space, higher enrolments and more training.

Our investment means that by next year, a record half a million students will be enrolled in colleges, universities and apprenticeship programs.

At the same time, we're managing government more efficiently.

We are helping hospitals, universities, colleges and other institutions save money by streamlining purchasing.

efficient government

We've hired more people in areas that are crucial to everyone's well-being: more water, food and meat inspectors; more health care workers; more teachers; and more security, probation and parole officers.

And we have introduced a money-back guarantee for quick delivery of birth, marriage and death certificates.

These new investments were all designed to make a difference to the everyday lives of families, students, seniors and children in every corner of the province.

They strengthen the very fabric of society.

STRENGTHENING OUR ECONOMIC CAPACITY

Mr. Speaker, Ontario's new economic strength allows us to expand economic opportunity.

We are making improvements in almost every area of public policy.

We are reforming and reducing Business Education Taxes. We propose a fairer property assessment system. We strengthen various sectors of our economy and we invest more in innovation.

Taxpayers and municipalities have told us they want a property assessment system that is predictable and fair.

In this budget we introduce a better property assessment system based on a four-year cycle.

fairer property assessment

It would begin in 2009 with the next reassessment. Any increase in value resulting from a reassessment would be phased in over four years. But reassessment decreases would apply immediately.

A new reassessment would then take place four years later.

In the months ahead we will be working with municipalities to ensure that the details of this system meet their needs.

But we are sure today that the reforms we propose will be welcomed by every homeowner in the province.

It will be welcomed particularly by those who thought that the only solution to assessment volatility was to impose an arbitrary cap – one that, as it turns out, would tend to favour the more affluent.

At the same time, we propose to cut high Business Education Tax rates and to make the system fairer.

The Ontario Chamber of Commerce and the Canadian Federation of Independent Business identified this as a top priority.

It is easy to see why. It is simply unfair that a business in London pays Business Education Tax at rates that are much higher than a business across the way in Middlesex.

Unfair Business Education Tax rates have put communities like London, Windsor, Thunder Bay, Ottawa and others at a disadvantage.

reducing Business Education Tax rates

Over the course of seven years, we will reduce Business Education Tax rates in all municipalities where rates are higher than 1.6 per cent — in other words, most municipalities in Ontario.

Once fully implemented, more than 500,000 Ontario businesses will benefit from this reduction.

No business will pay more under this plan.

New construction will benefit from the 1.6 per cent rate immediately.

By 2014, Business Education Taxes will have been reduced by $540 million.

That's a significant saving, especially for small and medium-sized businesses.

Mr. Speaker, we also plan to phase out social services pooling in the Greater Toronto Area (GTA).

It has been an unfair burden on so many property taxpayers in municipalities in the GTA.

It will mean a $200 million savings for those communities.

It also means that, once again, we are uploading costs, where the previous administration downloaded.

A fairer, more competitive tax system is one of the best ways to encourage growth and investment.

Later today I will introduce legislation to eliminate the capital tax on July 1, 2010 — 18 months earlier than planned.

Mr. Speaker, our economy thrives when we turn great ideas into well-paying jobs.

That's why, under Premier McGuinty's leadership, we are already investing some $1.7 billion over five years in research and innovation.

This year, for example, we are providing $57 million in funding to a number of institutions that work on groundbreaking environmental research projects.

One of the projects, at the University of Guelph, is looking at how to make car parts from corn and wheat.

We will be investing $5.9 billion in infrastructure.

investing in research and innovation

We will also be moving ahead with the Provincial–Municipal Fiscal and Service Delivery Review — a process that will help determine the best way to fund and deliver services with our municipal partners.

We will continue to add strength to the key economic sectors and regions of the province, with dozens of new initiatives.

The Province will create a new Ontario Manufacturing Council. It will help increase the competitiveness of our manufacturers.

We are increasing the flexibility of the Advanced Manufacturing Investment Strategy so that more companies qualify for support. This will help more manufacturers invest in new technologies.

Manufacturers would also benefit from the expanded eligibility of the Apprenticeship Training Tax Credit, which we plan to extend to 2012.

more support for libraries

Communities across Ontario will benefit from a 20 per cent increase in annual funding to the Ontario Trillium Foundation.

We will also increase annual funding for the Ontario Arts Council by 38 per cent.

We are providing more support for Ontario's libraries — some $5 million in 2006–07.

We are making $41 million in investments in various community, social, sports and recreation facilities.

And because tourism is such an important part of our economy, we are providing additional resources to foster its growth. For example, a new convention centre in Niagara Falls.

investing in communities

Mr. Speaker, I want to recognize my colleague, the MPP for Niagara Falls, Kim Craitor, who, despite facing a battle of his own, continues to fight hard on behalf of his constituents.

Mr. Speaker, we are also taking specific measures to strengthen Ontario's northern and rural communities.

We are doubling our Rural Infrastructure Investment Initiative to $140 million for improvements to water systems, roads, bridges and other priorities.

We will be investing $10 million to help expand broadband coverage in rural Ontario.

Today I am pleased to announce the appointment of a Northwestern Ontario Economic Facilitator. His mandate will be to work with local people and businesses to help inspire a new generation of growth in the northwest. I am delighted that Dr. Robert Rosehart, President of Wilfrid Laurier University, has agreed to act as the facilitator. He knows northwestern Ontario like few others and he is with us in the Gallery today.

Northwestern Ontario Economic Facilitator

Meanwhile, we are working on a variety of measures to secure the jobs of Ontario's forestry workers. This government is providing more than $1 billion in support for the forestry sector through initiatives like the Forest Sector Prosperity Fund.

Mr. Speaker, Ontario farmers are the chief stewards of much of Ontario's land mass. They are also a vital part of our economy.

Since we came to office, we have provided over $1 billion for farm income stabilization.

That is in addition to tax measures that continue to save farming families hundreds of millions of dollars every year.

supporting the agriculture sector

In this budget, we are making investments to expand the market for our agricultural products as well as providing financial support for the Ontario Bio-Auto Council and the BioCar Initiative.

A GREENER ONTARIO

Mr. Speaker, in the same speech in which he spoke of child poverty, the Premier urged another important priority for Ontario:

Greenbelt the size of P.E.I.

The need for a climate change plan to create an Ontario that is less dependent on carbon — a greener Ontario.

In the Premier's own words, "It is an area where Ontario is commissioned by history to lead."

We have made progress in our first term.

We protected a Greenbelt the size of P.E.I.

We've invested billions in public transit.

We've reshaped development in southern Ontario with our award-winning "Places to Grow" Plan.

We've brought in new laws and hired more personnel to ensure the safety of the water we drink.

We added ethanol to our gasoline and initiated the fastest-growing alternative energy program in North America.

But there is much more to do.

Later this session, Premier McGuinty will present a detailed climate change plan.

home energy audits

It will allow Ontario to take full responsibility for the defining challenge of our generation.

In the meantime, we are taking some initial steps.

We are going to provide $2 million to the Trees Ontario Foundation — enough to plant over a million trees to help reduce greenhouse gases.

We will provide homeowners with rebates of up to $150 to help pay for individual home energy audits.

We are investing in the research and innovation needed to ensure that Ontario's automobile sector can be a global leader in alternative fuels and clean car technology.

investing in clean car technology

If the recent federal budget is passed by Parliament, we will receive $586 million from the federal clean air and climate change trust.

Some of these funds will be dedicated to projects already underway. Some will support close to $125 million in new initiatives in this budget. And more than $200 million will be allocated later for new projects.

CONCLUSION

Mr. Speaker, I wish to close with an expression of gratitude.

Thank you to the people of this province. It is your inventiveness, your ambition, your hard work that has brought the province to an era of new economic strength.

I would also like to thank the thousands of women and men in Ontario's Public Service and in the broader public sector who work with passion and commitment every day.

Thanks also to the tireless tribe in the Ministry of Finance who worked with such energy to make this Budget a powerful statement of our values and a fine description of our future together.

Mr. Speaker, within months we will seek a new mandate from the people of Ontario.

And within weeks we will present the Province's first pre-election financial report.

It will make the Province's finances more transparent to political parties, citizens and voters.

The report will, I believe, confirm the central theme of this Budget — that we are beginning an era of new economic strength in Ontario.

We are proud of our accomplishments thus far.

Ontario is growing again.

But there is much more to do and my preference is to look forward.

Yes, our schools are better, but we want to ensure that every child has a better chance to succeed.

Wait times are shorter, but we want our health care system to be at its very best.

Postsecondary education is expanding, but so too are the frontiers of knowledge.

We have eliminated the deficit, but that represents a beginning, not an end.

Yes, Ontario is in an era of new economic strength. But we ought not to rest.

There are timbers and hammers that await our hand.

And a still stronger future is within our grasp.

Thank you, Mr. Speaker.

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ISBN 978-1-4249-3557-4 (Print)
ISBN 978-1-4249-3559-8 (PDF)
ISBN 978-1-4249-3558-1 (HTML)